

Arizona TANF Work Verification Plan

**Submitted by the Arizona Department of Economic Security
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Overview

The Arizona Department of Economic Security (ADES) is responsible for the implementation of Arizona's State-operated Temporary Assistance for Needy Families (TANF) Program.

The TANF Cash Assistance Program is administered collaboratively in two Divisions within the Department. The Division of Benefits and Medical Eligibility (DBME), Family Assistance Administration (FAA) is responsible for the TANF eligibility determination and the Division of Employment and Rehabilitation Services (DERS), Employment Administration (EA) is responsible for the Jobs Program which administers the employment case management.

In accordance with the requirements outlined in the Deficit Reduction Act (DRA), ADES has developed the Arizona TANF Work Verification Plan.

Holding all Adults to Work Rate Requirements

A key goal of the TANF reauthorization requires all adults receiving cash assistance to be engaged in work activities and be moving toward self sufficiency. In Arizona, adults receiving a TANF benefit, including those in two-parent families, work on increasing their level of self-sufficiency through participation in work activities. Although some may be exempt or deferred from participation for periods of time, all clients are encouraged to seek and maintain employment as quickly as possible.

Several of the new requirements in the interim final rule focus on requiring participation and counting clients in the work rate that may have been excluded in the past. Based on the current Arizona TANF rules, these changes will have very little impact and require minimal changes to our program and processes.

For example, TANF reauthorization requires states to now count clients in separate state programs toward the Work Participation Rate (WPR). In Arizona, the only separate state program (SSP) operated is for TANF cases that result in a grant amount below \$100. These are paid through a SSP using State Maintenance of Effort (MOE) dollars. These cases are exempt from the TANF 60-month lifetime limit but, currently, do count toward the WPR; therefore we do not expect this rule change to impact the Jobs Program or our work rate performance. There is no other SSP program operated in Arizona which would be impacted by this provision.

It appears that the directive of Congress to include some parents in child-only cases in the work rate is aimed at states that currently do not have a full-family sanction policy. Arizona utilizes a full-family sanction approach and there are virtually no adults who have voluntarily removed themselves from the grant during the sanction process who are still receiving payment on behalf of their children.

There are, however, families on the Arizona TANF child-only caseload where a parent of a child does reside in the household. Within this group, there are individuals who are disabled parents receiving Social Security Income (SSI), who, currently are not included in the WPR. In accordance with the 45 CFR §261.2(n) (1) (iii), ADES plans to add individuals that receive SSI to the Jobs Program caseload on a case-by-case basis. To count employed SSI recipients toward the work rate denominator as a result of this rule change, modifications to our computer system

are needed. The modifications to the computer system will be made during the next year and will be fully implemented by 9/30/07.

Privatization of the Employment Case Management

Arizona state law requires the ADES to privatize the Jobs Program employment case management services during state fiscal year 2007. DES issued a Request for Proposal (RFP) in August 2005 and is currently in the process of negotiating contracts with potential vendors with the expectation to award contracts in October 2006. The process and implementation of the contract was delayed due to passage of the DRA and the issuance of the interim final rules.

Anticipating the increased requirements that were to come in the DRA, the RFP was developed to be performance-based; focusing on improving outcomes for TANF families by engaging more participants in work activities and helping more people become employed faster to shorten their stay on TANF. The performance-based contract includes incentives and penalties based on certain contractor and client outcomes including WPR requirements, engagement of clients in proper activities, caseload reduction due to employment, and recidivism.

Based on the interim final rules, an amendment to the RFP was issued to notify all potential vendors of the changes to the program requirements. To address the increased effort that will be needed to meet the 50% all families work rate and the 90% two-parent family work rate, the amendment established a new year-end financial bonus incentive to reward contractors that exceed the 50% all families work rate requirement. This year-end bonus will only be available if funds are accrued and unspent due to failure by contractors to earn quarterly incentive payments or from quarterly penalties incurred by contractors for failure to meet the work rate.

It is expected that clarification on sections within the interim final rule will be issued some time in the future. If necessary, contracts will be amended, after initial contract awards are made, to further clarify requirements based on revisions to the newly-established list of federally-defined activities and verification process mandated by the United States Department of Health and Human Services.

Although Arizona may experience a caseload reduction credit during the initial year of the DRA implementation, the state will anticipate a 50% all family and 90% two-parent family work rate and will require this level of performance from the contractors. Requiring contractors to meet these work rate levels, regardless of the caseload reduction credit that the state may or may not benefit from, is consistent with the intent of the law.

Prior to the reauthorization of TANF, ADES was focusing on the impact that the implementation of a major program redesign, privatization of the Jobs program, would have on the State's ability to meet the work rate. Privatization implementation is a major endeavor. Coupled with the implementation of the TANF interim final rules, the risk of not meeting the WPR significantly increases for the initial year of TANF reauthorization. The Department continues to work on addressing this challenge. To that end, a provision was added to the Jobs RFP to address this issue by requiring contractors to share in the financial liability of any penalty incurred due to inaccurate data submitted as part of the newly-established verification process or failure to meet the work rate. This same financial liability is required of contractors for contributing to the

State's failure to meet the WPR for any other reason. Just as the DRA and the interim final rules will hold states accountable for meeting the work rate, Arizona intends to hold the contractors to the same expectation.

Since the contract has not yet been awarded, the new version of the Jobs Program cannot be fully implemented; therefore, some sections of this employment verification plan may need to be revised over the next year to accommodate these changes and incorporate recommendations from our contractors after contract award.

Defining Work Activities

The Interim Final Rule defines specific activities that may be counted toward the work participation rate to create more consistency in the measurement of work rate activities across the country.

Historically Arizona has had a relatively strict definition of what counts toward the federally-defined activities; therefore ADES does not anticipate this change to have a significant impact to the program. In fact, the addition of allowing counseling and substance abuse treatment as job readiness will have a positive impact because it allows for clients in these activities to now count toward the WPR for a limited time period.

I. COUNTABLE WORK ACTIVITIES

Federally mandated Work Activities are the **only** activities considered in the calculation of Arizona's WPR. These include the two types of Federal Work Activities - **Core Activities** and **Supplemental Activities**. Arizona policy follows the Federal guidelines that Work Activities may be assigned separately or in combination. Supplemental Activities will count toward the Federal WPR **only after** the first twenty hours per week come from Core Activities.

Countable Work Activities are supervised on a daily basis. Consistent with the universally understood definition of supervision used in the workplace, Arizona defines supervision as an activity performed by a workplace designee which includes, but is not limited to:

- work related guidance and constructive criticism;
- mentoring;
- assignment of daily work;
- oversight of work assignments; and/or
- instruction and evaluation of skills

A. Core Activities

Jobs Program participants are required to participate in a specified number of hours a week to count in the participation rate. Arizona has designated eight of the nine allowable Core activities to count toward the first 20-hour requirement. The following Core Activities are used in Arizona:

Unsubsidized Employment – defined as supervised employment in the public or private sector with **wages paid by the employer** that meet the Federal Minimum Wage requirement. The following is considered as countable types of Unsubsidized Employment:

- **Wages and salary** – defined as employment in which hourly pay, including tips, meets or exceeds the Federal Minimum Wage.
- **Commission Earnings** – defined as earnings from fees or percentages paid for services, or the production or sale of goods.
- **Casual Labor** – defined as intermittent or short term employment with a normal duration of one to three days in length. Countable, casual labor must pay at least the Federal Minimum Wage. Examples include, but are not limited to, day labor, short-term babysitting, on-call work, or odd jobs.
- **Work Study** – defined as the federal program that provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay their education expenses.
- **Self-Employment** – defined as income generated working for oneself rather than for others. A standard deduction of 30%, which constitutes the cost of doing business, is deducted from the gross income to determine the net income. The Jobs case manager divides the net income by 4.3 (average number of weeks in a month), then further divides the result by the minimum-required participation hours to determine whether the participant is earning at least the FMW. Hours are countable if the verified net income (after the 30% business expense deduction is applied) is at least the equivalent of the Federal Minimum Wage times the minimum required participation hours.

When the self-employed participant has a store front, the hours the business is open or the hours of operation when they do not have a store front can be considered the required hours for full participation.

Verification of the reported hours of participation is determined through written evidence from the employer or supervisor. The preferred method of verification is through pay stubs but verification can include such forms as, but not limited to: attendance records, tax forms, or automated confirmation of employment as found through other data sources between Department agencies related to ongoing activity or wage verification.

The scheduled hours of participation are recorded in the State's Jobs Program Automated System (JAS) under the "Scheduled Hours" field. When verification of actual hours of participation has been established and verified, they are recorded under the "Actual Hours." The hours recorded as "actual" are the hours used in federal reporting. The type of verification process used will be documented and maintained in the case file.

The actual hours of participation are projected for a maximum of 6 months based on one full payment cycle/pay period. When there is a change in the client's actual verified hours the hours

are recalculated and a new six-month projection would be applied. This information would be updated in JAS.

Subsidized Employment – defined as supervised employment in the public sector or private sector where the employer receives a subsidy to offset the cost of wages and benefits paid to a TANF participant for an established trial period. It is agreed that at the end of the trial period, not to exceed six months, the employer is expected to retain the participant as a regular employee without receiving a subsidy.

Participants must receive the same wages, benefits, and working conditions as other employees of the company who are performing comparable work. The employer must meet or exceed Federal Minimum Wage requirements. Occasionally the subsidized employment activity will be in excess of six months (i.e. participant has a learning disability and needs extra time to learn).

“Supported work” for individuals with disabilities may be considered subsidized employment if it does not include onsite training. Supported work is defined as work for individuals with disabilities in an integrated setting for wages consistent with those paid to non-disabled workers with similar job functions.

JOBSTART – Arizona’s subsidized employment program

Arizona’s JOBSTART program follows the federal definition of subsidized employment. Employers receive a wage subsidy for a period of up to six months for the employment of a TANF participant. The employer reimbursement must be the lesser of an amount equal to the gross wages paid to the participant for the month of subsidized employment or \$400. The employer must submit specific paperwork identifying the hours of employment and the progress the participant is making towards their employment goal. This procedure maintains verification of actual participation hours.

Verification of the reported hours of participation is determined through written evidence from the employer or supervisor. The preferred method of verification is through pay stubs but verification can include such forms as, but not limited to: attendance records, tax forms, or automated confirmation of employment as found through other data sources between Department agencies related to ongoing activity or wage verification.

The scheduled hours of participation are recorded in JAS under the “Scheduled Hours” field. When verification of actual hours of participation has been established, they are recorded under the “Actual Hours.” The hours recorded as “actual” are the hours used in federal reporting. A copy of the verification will be maintained in the case file.

The actual hours of participation are projected for a maximum of 6 months based on one full payment cycle/pay period. When there is a change in the actual verified hours, the hours are recalculated and a new 6 month projection would be applied, updating this information in JAS.

On-the-Job Training (OJT) – defined as training related to a specific job that the employer, in the public or private sector has agreed to provide to a TANF participant, in exchange for a subsidy to offset the cost of the training. OJT differs from subsidized employment in that the

OJT employer receives a subsidy to help with costs associated with *training*. TANF participants in OJT must receive the same wages, benefits, and working conditions as other employees of the company who are performing comparable work. Upon completion of the training, the employer is expected to retain the participant as a regular employee without receiving a subsidy. The employment must meet or exceed Federal Minimum Wage requirements.

“Supported work” for individuals with disabilities may be considered OJT if onsite training is included.

Verification of the reported hours of participation is determined through written evidence from the employer or supervisor. The preferred method of verification is through pay stubs but verification can include such forms as, but not limited to: attendance records, tax forms, or automated confirmation of employment as found through other data sources between Department agencies related to ongoing activity or wage verification.

The scheduled hours of participation are recorded in JAS under the “Scheduled Hours” field. When verification of actual hours of participation has been established, they are recorded under the “Actual Hours.” The hours recorded as “actual” are the hours used in federal reporting. A copy of the verification will be maintained in the case file.

The actual hours of participation are projected for a maximum of six months based on one full payment cycle/pay period. When there is a change in the actual verified hours the hours are recalculated and a new six-month projection would be applied. This information will be updated in JAS and the participation hours will again be projected for six months.

Job Search and Job Readiness Assistance- defined as seeking or obtaining employment or the preparation for seeking or obtaining employment such as resume writing classes, basic training on interviewing techniques, life skills training, substance abuse and/or mental health treatment, or rehabilitation activities for those who are otherwise employable. Job Search and Job Readiness Activities are limited to six weeks in a Federal Fiscal Year or twelve weeks if the state has been identified as a “needy state” of which no more than four weeks can be consecutive in either case. Currently, Arizona meets the “needy state” definition so the 12 week limit applies. A week is defined as a seven day period and any amount of **counted** participation in the Job Search/Job Readiness activity within that period uses a week toward the countable limit in that activity.

Job Search as a countable activity must, after evidence of written verification, identify employment opportunities, applications, and participation in employment interviews. The participant is mandated to maintain a daily log of all related contacts. Countable Job Search requires contact with potential employers in person, by internet or by phone. The participant is required, at least bi-weekly, to maintain and submit a log of the daily contacts. The log is filed in their case record. The log provides the date of contact, position that was available and of interest, the name of employer and contact information.

Case managers will verify the validity of the employment contact information by conducting random reviews/follow-up with employers. Additional quality reviews will be completed as part

of the case review process by the state Quality Analysis (QA) representative during the monitoring process.

The verification review will include, but is not limited to:

- Contact of the employers to verify the documented information.
- Written proof that an application has been filed.
- Notification of scheduled interviews.
- Confirmed registration in the Virtual One-Stop System (VOS).
- Confirmation of job search activity noted in JAS or a privatized contractor's automated system (following contract award).

When the logs are incomplete and/or written verification does not validate the activity, the hours will not be considered as countable toward the work participation rate.

The Job Readiness Assistance component includes activities such as classes or workshops where participants can improve their employability skills and learn techniques in resume writing, workplace etiquette, and appropriate behavior during employment interviews and the workplace. Written verification in the form of attendance records will be signed and submitted by the instructor or facilitator of the workshop or class and placed in the participant case record.

Jobs Readiness Assistance can also include substance abuse or mental health treatment or rehabilitation activities for those who are **otherwise** employable. Such treatment or therapy must be determined to be necessary and certified by a qualified medical or mental health professional. Supervision of this activity is the responsibility of the case manager and verification of actual hours of participation is done through written confirmation of attendance with the medical professional.

Participants assigned to this activity will be scheduled to participate for at least the minimum number of hours required within a calendar week. If a participant does not have sufficient hours in substance abuse treatment, mental health treatment or rehabilitation alone to count in the participation rate, the participant may still be counted in the calculation of the state's work rate by combining the job readiness activities with other allowable activities.

The scheduled hours of participation are recorded in JAS under the "Scheduled Hours" field. When verification of actual hours of participation has been established, they are recorded under the "Actual Hours." This information is updated in JAS. The hours recorded as "actual" are the hours used in federal reporting. A copy of the verification will be maintained in the case file.

Work Experience - defined as any supervised **unpaid** work in a public sector, private sector setting which improves the employability of an individual who is not otherwise able to obtain employment. It allows participants to develop a current work history, good work habits and skills. Work Experience should be considered for participants that have been unable to find paid employment, need to develop stronger job references, or lack job-entry skills. Work Experience provides supervised training at a work site. The supervisor or designee will be responsible for confirming in writing the attendance and progress that the participant is achieving at the work

site. All participants in a Work Experience activity must be covered by workers compensation as mandated in Arizona Revised Statute §46-299(I).

Internships/externships are also included but are not limited to, either of the following:

- A portion or extension of education or training in either the public or private sector that provides structured work experience in a specific occupational field.
- The AZDES Internship Program that provides training in a specific occupation and potential employment opportunities within the ADES.

Prior to placement, potential Work Experience providers are evaluated to match the participant with a training that is related to the participant's employment goals and employers. Recruitment of work experience providers focus on employers who may potentially hire qualified program participants.

All Work Experience providers must sign an agreement with the Jobs Program. This agreement advises the provider that they must agree to all of the following:

- Maintain records and prepare reports regarding the progress of the participant as prescribed by the Jobs Program, including written verification of attendance, including:
 - The start and end dates of the activity;
 - The weekly scheduled hours;
 - The skills the participant will learn and the expected competency date; and
 - The training methods the provider will use.
- The worksite supervisor will call the Jobs case manager when concerns arise.
- Provide daily supervision to the participant.

At least bi-weekly, participants are required to submit written verification to the Jobs Program that identifies the number of actual hours that are worked each day in a week. The Work Experience provider and the participant sign the written verification attesting to the truthfulness of the information provided. The written verification serves as supporting documentation that the hours of participation were actually performed for the hours claimed in the Work Experience activity. The Jobs Program case manager monitors the written verification and records the ***actual*** participation hours in JAS and in the case file notes. A copy of the verification is maintained in the case file.

A participant engaged in a Work Experience activity is subject to the Fair Labor Standards Act (FLSA). The participant cannot be required to participate in this activity for more hours than the monthly TANF cash assistance amount plus the monthly food stamp amount divided by the minimum wage. Participants who participate for the maximum hours allowed under the minimum wage requirements of FLSA are considered to have satisfied the weekly number of core activity hours.

Community Service - defined as structured programs that are for the direct benefit of the community and must be supervised. Community Service activities assist Jobs Program participants who are not able to move immediately into unsubsidized employment, improve their employability. The activity must be related to the participant's employment goals. Community Service activities must be overseen by public or nonprofit organizations. Community Service activities must serve a useful purpose in the community in fields such as health care, social service, environmental protection, education, urban and rural redevelopment, welfare, recreation, public facilities, and public safety.

Community Service activities include, but are not limited to, any of the following:

- Working with Park and Recreation programs;
- Assisting with local school activities;
- Services such as typing and filing for a non-profit agency;
- Supervised work with church affiliated organizations, and community improvement organizations;
- Court or other similarly mandated community service activities.

Participants who have been court ordered to complete Community Service activities are allowed to use the court ordered activity as their program mandated activity. Participants may request to participate in a certain community service activity. The Jobs Program case manager will determine if the request meets the requirements as outlined in this section. The participant will be covered by ADES for workers compensation.

All Community Service providers must sign a written agreement with the Jobs Program. This agreement advises the provider that they must agree to the following:

- Maintain records and prepare reports on the participant as prescribed by the Jobs Program.
- Complete an agreement with the participant that identifies the following:
 - The start and end dates of the activity;
 - The weekly scheduled hours;
 - The skills the participant will learn and the expected competency date; and
 - The training methods the provider will use.
- Complete and submit to the Jobs Program, a monthly report of the participant's progress.
- Contact the Jobs case manager when concerns arise.
- Provide daily supervision to the participant.

At least bi-weekly, participants are required to submit written verification to the Jobs Program that identifies the number of actual hours that are worked each day in a week. The Community Service provider and the participant sign the written verification attesting to the truthfulness of the information provided. The written verification serves as supporting documentation that the hours of participation were actually performed for the hours claimed in the Community Service activity. The Jobs case manager monitors the written verification and records the *actual*

participation hours in JAS and in the case file notes. A copy of the written verification is maintained in the case file.

A participant who is engaged in a Community Service activity is subject to the Fair Labor Standards Act (FLSA). Except for court ordered community service, a participant cannot be required to participate in a Community Service activity for more hours than the monthly TANF cash assistance amount plus the food stamp allotment divided by the minimum wage. Participants who participate for the maximum hours allowed under the minimum wage requirements of FLSA are considered to have satisfied the weekly number of required core activity hours.

Vocational Education defined as organized educational or training programs that are directly related to preparation of participants for employment in a current or emerging occupation requiring training **other than a baccalaureate or advanced degree**. The educational or training facility must be legally authorized, accredited or recognized in Arizona as providing a program to prepare students for gainful employment. The participant must remain in good standing with the institution and make satisfactory progress, as defined by the institution. The education or training activities are designed to attain knowledge and skills directly related to job opportunities for self-supporting employment in a recognized occupation that does not have a high turnover due to substandard wages or working conditions.

Vocational Education training must be provided by education or training organizations which may include, but are not limited to: vocational-technical schools, community colleges, postsecondary institutions, proprietary schools, non-profit organizations, and secondary schools that offer vocational education.

At least bi-weekly, participants are required to submit written verification to the Jobs Program that identifies the number of actual hours the participant attended the Vocational Education activity each day in a week. The Vocational Education provider (acting as supervisor) and the participant sign the written verification attesting to the truthfulness of the information provided. The written verification serves as supporting documentation that the hours of participation were actually performed for the hours claimed in the Vocational Education activity. The Jobs Program case manager monitors the written verification and records the actual participation hours in JAS and in the case file notes. A copy of the written verification is maintained in the case file.

Arizona has incorporated an edit in JAS that counts the time period during which vocational education is recorded as a WPR activity and the system prevents coding of the vocational education activities from exceeding the 12 month per lifetime.

Supervised structured study sessions as defined by the class curriculum at the educational institution will be counted as actual hours of participation. This will be notated in the case file with written evidence.

B. Supplemental Activities

Supplemental Activities will count as participation *only* after the first twenty hour requirement has been met in Core Activities. ***There are exceptions noted for certain teen participants.***

Job Skills Training Directly Related to Employment - defined as training and education for job skills required by an employer to provide the participant with the ability to obtain employment or to advance or adapt to the changing demands of the workplace. Jobs skills training focuses on educational or technical training that is designed specifically to help move individuals into employment. Job skills training may include customized training to meet the needs of a specific employer, general training that prepares an individual for employment, and vocational education training continuing after the twelve-month time limit if it fits in the definition of this activity.

English for Speakers of Other Languages and Basic Education (remedial education) can be counted as long as the instruction is explicitly focused on skills for employment or combined with job training. When it is a prerequisite for employment by an employer, this activity may include education leading to a General Educational Development (GED) or a high school equivalency diploma.

At least bi-weekly, participants are required to submit written verification to the Jobs Program that identifies the number of actual hours the participant attended the Job Skills Training Directly Related to Employment activity each day in a week. The training provider and the participant sign the written verification attesting to the truthfulness of the information provided. The written verification serves as supporting documentation that the hours of participation were actually performed for the hours claimed in the activity. The Jobs Program case manager monitors the written verification and records the *actual* participation hours in JAS and in the case file notes. A copy of the written verification is maintained in the case file. Other verification sources can include, but are not limited to time sheets, attendance records provided by the program or school attendance records.

Education Directly Related to Employment - defined as an educational program that is related to a specific occupation, job, or job offer. This includes courses designed to provide the knowledge and skills for specific occupations or work settings and may also include English for Speakers of Other Languages and Basic Education. When it is a prerequisite for employment by an employer, this activity may include education leading to a GED or a high school equivalency diploma.

Participants must make satisfactory progress in order for their educational hours to count. Satisfactory progress will be measured by completion of a work course or by the completion of a class or an ongoing progression of classes in a series. Documentation will be indicated in the Employment Plan as each activity is assigned, reviewed and reevaluated to determine good and satisfactory progress. This activity can be provided to participants who do not have a high school diploma or a GED.

Participation in Education Directly Related to Employment for an average of twenty hours per week during a month **meets** the core WPR hours requirement for single teen custodial parents under the age of twenty who are heads of household and married teen parents under the age of twenty.

At least bi-weekly, participants are required to submit written verification to the Jobs Program that identifies the number of actual hours the participant attended the Education Directly Related to Employment activity each day in a week. The education provider (acting as supervisor) and the participant sign the written verification attesting to the truthfulness of the information provided. The written verification serves as supporting documentation that the hours of participation were actually performed for the hours claimed in the activity. The Jobs Program case manager monitors the written verification and records the **actual** participation hours in JAS and in the case file notes. A copy of the written verification is maintained in the case file.

Other verification sources can include, but are not limited to: time sheets, attendance records provided by the program or school attendance records.

Satisfactory Attendance in High School or GED Preparation Classes is defined as high school attendance or participation in a GED preparation class and may be assigned to participants who lack a high school diploma or a GED. When the participant has not made satisfactory progress in high school in the past, every effort must be made to assign the participant to an alternative school or GED class. In addition to satisfactory attendance, participants must be making satisfactory progress as defined by the institution.

As a condition of eligibility for TANF cash assistance, dependent teen children age sixteen through eighteen, who do not have a high school diploma or a GED, must participate in this activity.

Satisfactory attendance in high school or GED preparation **meets** the core hour requirement for the WPR for any of the following:

- Single teen custodial parents under the age of twenty who are heads-of-household;
- Married teen parents under the age of twenty; or
- Dependent teens age sixteen through eighteen who do not have a high school diploma or GED.

At least bi-weekly, participants are required to submit written verification to the Jobs Program that identifies the number of actual hours the participant attended school or GED class each day in a week. The school or GED preparation provider (acting as supervisor) and the participant sign the written verification attesting to the truthfulness of the information provided. The written verification serves as supporting documentation that the hours of participation were actually performed for the hours claimed in the activity. The Jobs Program case manager monitors the written verification and records the actual participation hours in JAS and in the case file notes. A copy of the written verification is maintained in the case file.

Satisfactory progress will be measured by completion of a work course or by the completion of a class or an ongoing progression of classes in a series. Documentation will be indicated on the Employment Plan as each activity is assigned, reviewed and reevaluated to determine good and satisfactory progress. Other verification sources include the following: Time sheets, attendance records provided by the work activity program, or school attendance records.

II. HOURS ENGAGED IN WORK

Absences from Scheduled Work Participation

Absences from scheduled work hours for employed participants for which they are paid, including paid leave, can count as actual hours toward the WPR. For individuals in unpaid work activities, up to two days per month of **excused** missed participation can be counted as actual hours toward the WPR, with a limit of ten days of excused absences counted toward the WPR per year. The hours will count as long as the participant was *scheduled* to participate when the absence occurred.

Arizona will use a formula to convert the 10 allowable days of excused absences to account for circumstance that require less than a full day of absence from the work activity. The maximum 10 allowable days will be converted to 80 allowable hours (10 days X 8 hours per day = 80 hours).

JAS does not currently track absences. System modifications will be required and will be completed and fully implemented by 9/30/07. Prior to the completion of the system modifications, the case managers will manually track the number of excused absences used, noting the information in the case file and on the documentation screen in JAS.

Excused Absences

Excused absences can include sick days, medical appointments for the participant or the participant's family members, required appointments with other service providers, court dates, and job interviews. Excused absences may also include religious holidays not recognized by an employer, school or provider. Any other absence that does not result in disciplinary action or termination by the employer will be considered an excused absence.

Holidays

In addition to excused absences, holidays may count as actual hours for the WPR. Arizona recognizes the following holidays:

New Years Day	January 1
Martin Luther King, Jr. Day	3 rd Monday in January
President's Day	3 rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1 st Monday in September
Columbus Day	2 nd Monday in October
Veteran's Day	November 11
Thanksgiving Day	4 th Thursday in November and the day following
Christmas Eve and/or Day	December 24 and 25

When any of the holidays listed fall on a Sunday, the following Monday is observed as a holiday. Saturday holidays are observed on Friday.

Additional holidays recognized by an employer or educational institution will also be allowed for a duration of up to one week or five business days (e.g. the week between Christmas and New Years Day or a school's Spring Break).

When the participant is unable to work or participate in their assigned activity because the facility is closed for a scheduled event, regardless of the length of the closure, the break will be considered a single incident of holiday leave or excused absence. In these instances, an extended holiday leave or excused absence will first be verified by the case manager, then the participant's regularly scheduled work hours shall be counted toward the WPR during the affected period of time.

FLSA Deeming

Arizona does not operate a "mini" Simplified Food Stamp program; therefore, we do not plan to implement the FLSA Deeming option at this time and instead will utilize the standard FLSA deeming process noted in this document under Countable Work Activities. If in the future, Arizona converts to the "mini" Simplified Food Stamp program, the FLSA Deeming option will be reconsidered at that time.

If Arizona was to adopt a revised FLSA Deeming process, under this provision Arizona would take the following steps when assigning a participant to a work experience or community service program:

- Determine the total of the combined food stamp allotment and the TANF grant.
- Divide the total by the Federal minimum wage of \$5.15 per hour. (Arizona does not have a higher minimum wage).
- The result will determine the number of hours Arizona can require a participant to perform in an Unpaid Work Activity (UWE) or community service program.

Any family that participates in the maximum hours it is allowed under the minimum wage requirement of the FLSA has satisfied the 20-hour per week "core" activity requirement if actual participation falls short of 20 hours per week.

III. WORK ELIGIBLE INDIVIDUAL

A Work Eligible Individual is defined as an adult or minor child head of household receiving TANF Cash Assistance or a non-recipient parent living with a child who receives TANF Cash Assistance, unless the parent meets any of the following:

- A minor parent and not the head-of-household or spouse of the head-of-household;
- An alien who is ineligible to receive assistance due to his or her immigration status; or
- A recipient of Supplemental Security Income (SSI) benefits, unless the recipient is employed and is meeting the work participation rate.

The term “parent” excludes a Jobs Program participant providing care for a disabled family member living in the home who does not attend school on a full-time basis, provided that the need for such care is supported by medical documentation.

SSI Recipients

Arizona will consider employed Supplemental Security Income (SSI) recipients as “work eligible individuals” and count the months they are employed toward the work participation rate. In order to accurately include only the appropriate SSI recipients in the work rate denominator, the ADES will complete all of the following:

- Identify the population as a sub-group of the SSI recipients in a TANF household through a centralized reporting process via the Employment Verification Unit (EVU) described on page 18;
- Match the sub-group against the National Directory of New Hire report;
- Generate and send letters to employers where there were confirmed reports of employment and request written verification of the actual dates of hire, wages and ongoing employment; and
- Upon receipt of the verification of employment, input the participation hours in JAS and count these hours toward the WPR.

The actual hours of participation are projected for a maximum of six months based on one full payment cycle/pay period. When a change becomes known and verified, the hours are recalculated and a new six-month projection is applied and updated in JAS.

Caretaker of a Disabled Family Member

Jobs Program Participants providing care for a disabled family member living in the home who does not attend school on a full-time basis are considered a “non-work eligible” individual and will be excluded from the WPR denominator.

To meet this exception, the caretaker must provide written verification from a medical practitioner that they are required to be the caretaker of the disabled family member. This verification must include all of the following:

- Identify, by name, the person who is to be cared for.
- Specify the period of disability.
- Include a prognosis of the disabled family member’s recovery, or the date of re-examination.
- Describe the amount of time (daily) and the length of time that the caretaker is needed to care for the disabled family member.

In order to accurately exclude caretakers from the WPR denominator, the case manager will complete all of the following in JAS:

- Change the work eligible identifier to “non-work eligible.”
- Key the caretaker exemption, including the date of re-examination.
- Monitor monthly the system generated report identifying the end date of the exemption.

- Notify the caretaker of the end of the exemption and set an appointment to ensure that new work activities are assigned as the necessity for the caretaker roll ends. Work activities will be assigned by the first of the month by which the caretaker becomes work eligible to ensure a full month of actual participation hours.
- When verification is provided that the disability is continuing, the case manager will set a new re-examination date.

JAS does not currently include the “work eligible/non work eligible” field. System modifications will be made during the year and will be completed and fully implemented by 9/30/07. Prior to the completion of the system modifications, the case managers will track the case status manually, noting the information in the case file and on the documentation screen in JAS.

IV. INTERNAL CONTROLS

Quality Case Reviews

The State of Arizona utilizes a standardized case review process to evaluate the quality and accuracy of the case manager’s work in assigning appropriate work activities, completion of the follow up activities, and recording of the activities completed within the state’s data collection system.

Current Process

Supervisors are required to complete at least 30 case reviews per month for their unit. The review includes a review of the case file, a review of JAS and a review of all other related documents and systems. A standardized case review form is completed for each case record. The results of the case reviews are compiled and reported each month. The Field Operations Manager receives a report on a monthly basis of all case reviews completed as well as the results of the case reviews.

Second level reviews are completed at the District level to ensure the quality and accuracy of the case reviews that are completed by Supervisors. A minimum of three second-level case reviews are completed for each supervisor each quarter. The standardized case review form is completed for each case record. The results of the second level case reviews are compiled and reported each month. The Field Operations Manager receives a report on a monthly basis of all second level case reviews completed as well as the results of the case reviews.

Errors identified through the case review process at either first or second level, are documented on a case review form. Errors are reviewed with the case manager and assigned for correction. The case manager is given two days to complete the required corrections. The supervisor monitors to ensure appropriate corrective action is taken within the assigned due date.

Information obtained from both first and second level case reviews is utilized to identify both best practices as well as areas in need of improvement. Best practices are shared at the unit, the district and the statewide level in order to improve quality and accuracy throughout the state. Corrective strategies are developed when problem areas are identified. Results of corrective strategies are monitored on an ongoing basis to ensure improvement occurs.

Accuracy is included as a part of the performance expectations for case managers, supervisors and program managers. The expectation has been established as 90% accuracy for case managers and 95% accuracy for supervisors and program managers.

Post-Privatization

As a final stage of the contract negotiations for the privatized employment case management, extensive Continuous Quality Improvement (CQI) plans have been requested from each potential contractor. These CQI processes will vary by contractor but will achieve the same goals as both the first and second level case review processes outlined above. Potential contractors have been required to detail the CQI process related not only to their own work in this area but also that of any proposed subcontractors and/or collaborators. Additionally, ADES has enhanced its contract monitoring unit with a third level of case review in anticipation of the privatization and the need to enhance monitoring of and technical assistance to contractors. Six new quality assurance monitoring staff positions have been created and these staff will utilize a case review monitoring tool that will focus specifically on the types of issues addressed in this section.

Employment Verification Unit

In an effort to ensure that all possible participation hours are counted, the Employment Verification Unit (EVU) works to capture all previously unknown participation activity by data-mining the National Directory of New Hires, which includes the State Directory of New Hire and internal system reports generated by the ADES Employment Administration Systems Unit.

Created in federal fiscal year 2003 as a strategy to address the need to increase the Arizona Work Participation Rate, the EVU centralized the statewide activity of data-mining unreported client participation. The EVU is an integrated unit made up of staff from the Employment Administration (EA), Jobs Program and the Family Assistance Administration (FAA). When clients become employed it can affect both their FAA eligibility and their Jobs Program participation. When unknown employment is found on open TANF cases, the EVU captures the participation for the Jobs Program and also completes the change for the TANF case.

The objective of the EVU is to capture participation for clients who did not report new employment to DES, verify the employment and the earned income at the earliest date possible and when appropriate, reduce the TANF payment and/or close the TANF case for the first benefit month possible.

To ensure data integrity, the EVU follows specific procedures when gathering data and verifying participation hours. Each month, reports are generated that identify participants/cases that are not meeting the WPR. The report is forwarded to the local offices and monitored by the EVU. The case managers review case files and contact participants in an effort to capture unreported employment activity.

Case Managers are able to enter all current participation activity as well as participation that becomes known to them from the past 90 days. When the field staff becomes aware of previously unknown participation activity that occurred more than 90 days in the past, the

participation information is forwarded to the EVU on the Participation Record Update Form. The EVU updates JAS with the participation activity information.

The EVU use the National Directory of New Hires (NDNH) and the Unemployment Insurance Base Wage Report to “data mine” for unreported employment. The “Open TANF Caseload” report is run against the new employment records, which results in a listing of approximately 2000 matches monthly. The file is then converted to a mail merge that produces letters to the reporting employers. The process of letter generation and mailing is completed on a bi-weekly basis.

The employer is asked to provide ADES the following details of the employment: employment hire date, hourly wage, and rate of pay, number of hours worked weekly, date of first paycheck and whether the employer provides health insurance. When the employment has terminated, the employer also includes the termination date and the reason for termination.

When the verification of employment letter is returned, the EVU researches the TANF case to identify the months that TANF payments were received. Every letter verifying an employment placement is entered into JAS, notating the name, phone number and address of the employer, hourly wage and number of hours worked per week. The hire and termination date (when applicable) are entered in the comments area, annotated with EVU as the verification source. All employment participation entered by the EVU is verified prior to entering the data.

V. VERIFICATION OF OTHER DATA USED IN CALCULATING THE WORK PARTICIPATION RATE

Under the “complete and accurate” standard for reporting, States are directed to validate all data submitted in its TANF Data Report and, if applicable, the SSP-MOE Data Report. In addition to the work activities, the following data elements (below) are used by ADES in calculating the work participation rates. ADES staff that input the data required for these fields document the verification used to validate this data.

Supervisory staff conducts case reading of activities by eligibility workers and Jobs Program case managers. In addition to these two steps, the Department has automated data validation procedures for each element as follows:

- Reporting Month
 - Programming logic in the Universe file ensures that the reporting month matches the data in the file associated with that month.
- Stratum
 - This field is associated with a sampling process, which the Department does not currently utilize.
- Case Number
 - The AZTECS case number is a unique number assigned by the Department’s TANF eligibility automated system known as “AZTECS.” This is pulled into the TANF Report when the Universe runs.
- Disposition

- This field is associated with a sampling process, which the Department does not currently utilize.
- Type of Family of Work Participation
 - This data is validated through editing on the AZTECS SEPA (Setup Participation) screen, where client participation and relationships is entered. Also, editing on the SSDO (SSN/Date of Birth/Sex) screen is used, where two parent or disability indicators are keyed. Additional information is later entered in JAS, Data Element 48, when the family participates in allowable work activities. JAS is used by Employment Administration case managers to monitor the employment and training activities of clients.
- Amount of Food Stamps Assistance
 - This is validated using programmed calculations based on federal guidelines and stored in the AZTECS databases. The guidelines are included in AZTECS tables that are referenced by AZTECS to determine the amount of assistance based on income, family size, and other eligibility factors.
- Receives Subsidized Child Care
 - This information is provided by the eligibility system for the Child Care Administration (CCA) known as “AZCATS”. All TANF recipients receiving child care assistance from CCA are defaulted to a yes. If no amount is provided, then a no is coded.
- Amounts of TANF (and SSP-MOE) Assistance
 - This is validated using programmed calculations based on state and federal guidelines and stored in the AZTECS databases. The guidelines are included in AZTECS tables that are referenced by AZTECS to determine the amount of assistance based on income, family size, and other eligibility factors.
- Family Affiliation Code
 - This is established on the AZTECS SEPA screen, where participations and relationships are entered after being verified by eligibility workers. Editing is used to validate the entries.
- Non-custodial Parent Indicator
 - An indicator is entered by the worker that indicates a non-custodial parent. This indicator is stored in an AZTECS database.
- Date of Birth (Adult)
 - This data is verified through the Wire Third Party Query (WTPY) process, an interface with the Social Security Administration (SSA) used to verify social security numbers. AZTECS transmits the social security number, last and first name, date of birth and gender to SSA, who then sends a response back verifying the accuracy of this information. Any discrepancy results in an electronic alert that requires resolution by the eligibility worker.
- Relationship to Head of Household
 - This information is verified by the eligibility worker and entered on the SEPA screen. Editing on the screen is used to validate the data, which is then stored in AZTECS databases.
- Parent with Minor Child

- Relationships information is entered on the SEPA screen after it has been verified by the eligibility worker. Specific editing exists to ensure the correct coding and validation of minor parent cases. The data is then stored in AZTECS databases.
- Work-Eligible Individual Indicator
 - This indicator is populated in JAS, based on the criteria outlined in the Final Interim Rules released in July 2006.
- Date of Birth (Child)
 - This data is verified through the WTPY process, an interface with the Social Security Administration (SSA) used to verify social security numbers. AZTECS transmits the social security number, last and first name, date of birth and gender to SSA, who then sends a response back verifying the accuracy of this information. Any discrepancy results in an electronic alert that requires resolution by the eligibility worker.

The data elements described above provide the Department with the capacity to breakout TANF families with a work-eligible individual by the case characteristics that relate to the special rules and conditions of participation, such as receipt of child care, age of child, age of adult or teen parent, number of months under a sanction, adult or teen parent with satisfactory school attendance, and families with a disabled family member (adult or child).

Programming logic in JAS and AZTECS contains systems editing that prevents eligibility workers and Jobs case managers from entering inconsistent data. When inconsistencies are discovered, systems staffs from FAA, EA, and Systems Interface and Reporting Unit (SIRU) research the data in question to determine the cause of the inconsistency. When the cause has been determined, systems staff will submit program change requests to prevent future inconsistencies in their respective eligibility systems.

Closing

The Arizona Department of Economic Security already has or is committed to implementing required policy, procedure and automated system changes needed to meet the requirements of the DRA and the provisions outlined in this draft TANF Work Verification Plan. It is likely that the contracts for Arizona's privatized TANF employment case management initiative will be announced in the next few weeks. Because the successful full implementation of the provisions of this verification plan depends heavily on these contractors, the Department will seek their input on the plan's provisions and will undoubtedly be revising our verification plan in the coming months to accommodate the proposed procedures and best practices of the contractors that are chosen for Arizona's privatization contract(s).